

EVANS FARM'S BANANA FARM BUSINESS PLAN

**NAME OF THE FARMER: EVANS OMWANCHI
OYARO**

ID NUMBER: 11688592

PHONE NUMBER: 07-10702279

SUB LOCATION: MAGENCHE

LOCATION: MAGENCHE

SIZE OF THE FARM: 11 ACRES

INTRODUCTION

Evans Omwancha Oyaro is one of great farmers within Magenche division and he has a ten year experience in farming business. Currently the farmer has got the following enterprises; tea enterprise which generates kshs.3000 per month together with a bonus of kshs.80, 000, sugar cane which generates an income of kshs. 12,000, dairy farming which generates a total income of 4,000 per month and banana enterprise which generates approximately kshs.2000.

FUTURE PROJECTS

The farmer also have a future plan to start the following projects in case he gets funds; expansion of banana enterprise up to 3 acres, expansion of dairy enterprise.

EXECUTIVE SUMMARY

The business plan gives guidelines on how to implement a business idea and giving the decision making guidelines. It also gives the marketing plan of the business by providing the major products and services and the way of distributing products and services to the customers

At the particular moment the far business plan gives a plan for banana production for three acres of land. The total cost of the enterprise is kshs.473, 824 where the farmer will contribute 10% of the amount that is kshs. 47,382.40 and the rest will be obtained as a loan that is 90% totaling to kshs.426, 441.60

MARKETING PLAN

❖ Industry and Competition

Currently the farm is producing bananas and its major competitors are maize, sweet potatoes, iris potatoes and rice producers who supply the products to the kisii land which is a supplement of banana products.

❖ PRODUCTS/SERVICES OFFERED

Currently the farm produces bananas and they are supplied when they are green and sometimes when they are ripe.

❖ INDUSTRY

My farm will operate under banana production and banana value addition industry.

❖ SHORT TERM AND LONG TERM GOALS

The management aims at increasing production by 30% in the 2013/2014 financial year by intensive use of farm inputs and practicing good agricultural practices since they were not in place and he is ready to work in conjunction with the agricultural extension for technical advice and financial institution for financial support.

SWOT ANALYSIS

The farm is placed at a well drained soil of high fertility and the productivity of the land is averagely high.

The management also uses certified farm inputs which is a great assurance that the yield is generally high that is tissue culture bananas.

The farm is faced with the following challenges; inadequate capital, high labor costs due high rate of inflation and crop pests and diseases.

Opportunities; being that the farmer is a mixed farmer he can make use of integrated farming whereby he can use the farm yard manure to incorporate into the soil to improve the soil fertility. The farmer also is near the banana factory in at the kisii ATC. Due to the increasing number of residents in the kisii county headquarters there is also be there relatively expanded demand for bananas both the cooking variety and ripening variety.

OWNERSHIP OF THE FARM

The farm is owned by the farmer himself that is sole proprietorship.

RISKS INVOLVED AND MANAGEMENT

The risks involved in the business are the pests and diseases and drought.

The above can be managed by early planting, using of tissue culture banana, soil testing for both pathogens and plant nutrients present in the soil, fencing of the farm and taking an insurance cover where possible.

FINANCIAL PLAN

The farm can be financed through own equity and acquisition of a loan from a financial institutions.

BANANA PRODUCTION IN 3 ACRES OF LAND

ITEM	UNIT	QUANTITY	PRICE(KSHS)	TOTAL(KSHS)
GROSS INCOME				
GROSS PRODUCTION PER ANNUM	KG	48,000	14.00	672,000.00
VARIABLE COSTS				
BANANA SEEDLINGS	NO. OF SEEDLINGS	1,332	100.00	133,200.00
SOIL TEST	NO. OF SAMPLES	2	1,500.00	3,000.00
TRANSPORTATION OF SEEDLINGS	NO.	1332	20.00	26,640.00
FIRST LAND PREPARATION	MD	66	150.00	9,900.00
SECOND LAND PREPARATION	MD	66	150.00	9,900.00
MANURE	TON	6	1,500.00	9,000.00
WEEDING	MD	50	150.00	7,500.00
HARVESTING	MD	20	150.00	3,000.00
PRUNNING/SUPPORTING:	MD	60	150.00	9,000.00
LABOUR				
SUPPORTERS PLUS TRANSPORT	NO.	1332	140.00	186,480.00
FERTILIZER: DAP	KG	40	90.00	3,600.00
CAN	KG	40	70.00	2,800.00
HOLE DIGGING	NO. OF HOLES	1332	10.00	13,320.00
PLANTING	MD	50	150.00	7,500.00
TOTAL VARIABLE COSTS LISTED ABOVE				424,840.00
FIXED/OVERHEAD COSTS (CUSTOM RATES ARE USED AS A PROXY FOR FIELD OPERATION COSTS)				
FERTILIZER SPREADING	MD	10	150.00	1,500.00
TRANSPORT COST	APPROX.			5,000.00
MISC.	% OF VARIABLE COST	424,840.00	10.0%	42,484.00
TOTAL FIXED COST LISTED ABOVE				49,644.00
TOTAL VARIABLE AND FIXED COST LISTED ABOVE				473,824.00

NET INCOME OVER VARIABLE & FIXED COSTS LISTED ABOVE				198,176.00

ANALYSIS	
BREAKEVEN	9.89
VARIABLE COSTS PER UNIT	8.85
OVERHEAD COST PER UNIT	1.03
TOTAL COST PER UNIT	9.89
PROFIT PER UNIT	4.11

ASSUMPTIONS

- The cost per man day is averaged at kshs.150
- Fertilizer cost is averaged to be DAP=90/= per KG and 70/= KG of CAN
- For the first year the cost of production is high as compared to the other subsequent years

CASHFLOW ANALYSIS FOR THE OTHER THREE YEARS

GROSS INCOME	UNIT	QUANTITY	PRICE/COST	YEAR TWO	YEAR THREE	YEAR FOUR
CORN GRAIN	KG	48,000	\$14.00	672,000.00	672,000.00	672,000.00
VARIABLE COSTS						
BANANA SEEDLINGS	NO. OF SEEDLINGS	-	-	-	-	-
SOIL TEST	NO. OF SAMPLES	-	-	-	-	-
TRANSPORTATION OF SEEDLINGS	NO.	-	-	-	-	-
FIRST LAND PREPARATION	MD	-	-	-	-	-
SECOND LAND PREPARATION	MD	-	-	-	-	-
MANURE	TON	6	1,500.00	9,000.00	9,000.00	9,000.00
WEEDING	MD	50	150.00	7,500.00	7,500.00	7,500.00
HARVESTING	MD	20	150.00	3,000.00	3,000.00	3,000.00
PRUNNING/SUPPORTING:LABOUR	MD	-	-	-	-	-
SUPPORTERS PLUS TRANSPORT	NO.	-	-	-	-	-
FERTILIZER: DAP	KG	40	90.00	3,600.00	3,600.00	3,600.00
CAN	KG	40	70.00	2,800.00	2,800.00	2,800.00
HOLE DIGGING	NO. OF HOLES	-	-	-	-	-
PLANTING	MD	-	-	-	-	-
MISC.	%	-	-	-	-	-
		-	-	-	-	-

		-	-	-	-	-
TOTAL VARIABLE COSTS LISTED ABOVE				\$25,900.00	\$25,900.00	\$25,900.00
FERTILIZER SPREADING	MD	10	150.00	1,500.00	1,500.00	1,500.00
TRANSPORT COST	APPROX.			5,000.00	5,000.00	5,000.00
LOAN REPAYMENT				120,000.00	120,000.00	120,000.00
MISC.	%	32,400.00	10.0%	3,240.00	3,240.00	3,240.00
TOTAL FIXED COST LISTED ABOVE				129,740.00	\$129,740.00	\$129,740.00
TOTAL VARIABLE AND FIXED COST LISTED ABOVE				155,640.00	155,640.00	155,640.00
NET INCOME				516,360	516,360	516,360

ASSUMPTIONS

- Labour is measured in man days and the cost per man day is approximated to be kshs.150
- The weight of one bunch of banana is approximated to be 45 kg
- The price per kg of banana is approximated to be kshs.14
- The spacing of banana is 3m by 3m
- The plant population per acre as pertains to banana is 444 banana plants
- During the first year the cost of production is high as compared to the subsequent years this can be indicated by the breakeven price and profit per unit product.

FUND REQUEST

From the above budget the farmer is able to provide 10% of the total cost that is kshs 47,382.40 as he opts to obtain the rest from the financial institutions as a loan or from any other well wisher that is kshs.426, 441.60